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 **Latest release**

# Personal Income in Australia methodology

Reference period 2020-21 financial year

Released 6/12/2023

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Personal Income in Australia provides regional data on the number of income earners, amounts received, and the distribution of income.

The current release includes data for the five financial years between 2016-17 and 2020-21. It covers all people who interacted with the Australian taxation system during this period and for whom personal income is identified.

## How data are collected

This release is compiled from the [Linked Employer-Employee Dataset \(LEED\) \(/about/data-services/data-integration/integrated-data/linked-employer-employee-database-leed\)](#), which is built using Australian Taxation Office (ATO) administrative data linked to ABS [Business Longitudinal Analytical Data Environment \(BLADE\) \(/about/data-services/data-integration/](#)

[integrated-data/business-longitudinal-analysis-data-environment-blade](#)) data.

## Scope and coverage of LEED

The LEED is a rich dataset that includes approximately 18 to 21 million job records each financial year since 2011-12 and contains over 190 million individual records over the period 2011-12 to 2020-21.

The LEED covers all persons who either:

- submitted an individual tax return (ITR); or
- individuals who had an Income Statement (previously Pay As You Go (PAYG) payment summary) issued by an employer and then remitted to the ATO.

Employees who did not submit a tax return and have not provided their Tax File Number to their employer will not appear in the LEED. Owner managers of unincorporated enterprises (OMUEs) who did not submit an ITR are also excluded.

## Data sources

The LEED incorporates:

- person level ITR data, job level Income Statement data and Client Register (CR) data supplied by the ATO to the ABS under the Taxation Administration Act 1953 - which requires that such data is only used for the purpose of administering the Census and Statistics Act 1905; and
- employer level data that include the ABS's BLADE data and the [ABS Business Register \(https://www.abs.gov.au/ausstats/abs@.nsf/dossbytitle/AC79D33ED6045E88CA25706E0074E77A?OpenDocument\)](https://www.abs.gov.au/ausstats/abs@.nsf/dossbytitle/AC79D33ED6045E88CA25706E0074E77A?OpenDocument) data supplied by the Registrar of Australian Business Register (ABR) to the ABS under A New Tax System (Australian Business Number) Act 1999 - which requires that such data is only used for the purpose of carrying out functions of the ABS.

The data limitations or weaknesses outlined here are in the context of using the data for statistical purposes, and not related to the ability of the data to support the ATO's core operational requirements.

The ABS acknowledges the continuing support of the ATO in compiling these statistics.

## Data on Migrants

The migrant data used in LEED are sourced from the Person Level Integrated Dataset (PLIDA), formerly known as the Multi-Agency Data Integration Project (MADIP).

The migrant data in PLIDA are a suite of administrative datasets from the Department of Home Affairs. They include the visa grants file, the permanent settlements database and

temporary visa holders file.

The scope of the migrant data in this release includes:

- Permanent migrants with an arrival date between 1 January 2000 and 30 June 2021;
- Permanent migrants with an unknown arrival date and a visa granted between 1 January 2000 and 30 June 2021; and
- Temporary visa holders with a visa granted between 1 January 2000 and 30 June 2021.

This includes permanent migrants that have become Australian citizens during this period.

Migrant data presented in this release are not comparable with those published in the previous release of Personal Income in Australia due to improved scoping and visa selection methods. A new visa selection method has been applied in this release which selects the substantive permanent visa held prior to a resident return visa (subclasses 111, 151, 154-159, 834, R and K38). In instances where no previous substantive permanent visa (skilled, family or humanitarian) can be found, resident return visa holders are grouped into the other permanent migrants category.

## How data are processed

### Integration method

LEED links jobs to employers and employed persons are linked to employers via the jobs they hold.

Before the linkage takes place, an input job level file is created largely based on the income statement file. This file is also enhanced with job records derived using ITR information, to cover jobs without Income Statement information, such as OMUE jobs. Data quality is enhanced by using occupation information from ITR, and the best available age, sex, and geographic information between the Income Statement, ITR and Client Register (CR) data.

Jobs are integrated with the employer by one of two methods. The method is dependent on which part of the business population on the ABS Business Register the employer is grouped into.

- Non-profiled population (businesses with a simple structure): a deterministic approach using the Australian Business Number (ABN).
- Profiled population (businesses with a complex structure): a more detailed approach to linking is used, detailed below.

Where an employer is part of the profiled population, the relevant jobs are assigned to [type of activity units \(/statistics/classifications/australian-and-new-zealand-standard-industrial-](#)

[classification-anzsic/2006-revision-2-0/unit-classification](#)) (TAUs) based on a logistic regression model developed using Census data. The model references independent variables common to both Census and personal income tax data, including sex, age, occupation, and region of usual residence. These are used to predict the industry of employment, which conceptually aligns to a type of activity unit.

Where an employee has multiple job relationships with the same reporting ABN in an enterprise group, each job relationship is assigned to the same type of activity unit.

Based on the model, each job record is assigned a probability of being in each of the type of activity units present in the employing enterprise group. Iterative random assignment is undertaken using these probabilities until employment benchmarks are met. Benchmarks are based on Quarterly Business Indicators Survey (QBIS) data where a unit is in scope. BLADE employment levels are substituted where QBIS data is not available, otherwise no benchmarking is done.

The above process is applied to link the different input datasets for each financial year. Records have not been integrated across years and therefore, the LEED is a cross-sectional database and is not longitudinal.

ABS data integration practices comply with the High-Level Principles for Data Integration Involving Commonwealth Data for Statistical and Research Purposes. For further information see - [Keeping integrated data safe \(/about/data-services/data-integration/keeping-integrated-data-safe\)](#).

## **Integrating data for migrants**

From 2022, migrant data were added to the LEED. Personal identifiers were used to first integrate the migrant data with the ATO's Client Register, and then subsequently integrated into the LEED. This enables more detailed analysis of labour market and fiscal contributions of migrants to the economy, allowing policy makers and researchers to better understand the migrant experience and their economic contribution to Australia.

## **Component datasets**

The LEED consists of three cross-sectional files: person, job and employer. The LEED is not longitudinal and each file is for a single financial year.

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### **Person file**

Each person file contains data for all people who either submitted an ITR or who were identifiable on an income statement in the reference year. Each record includes de-identified demographic and geographic data, and aggregate income information.

Employed people may be either employees (including owner manager of incorporated enterprises or OMIEs), Owner Managers of Unincorporated Enterprises (OMUEs), or both. Employees are identified by the presence of aggregate employee income and at least one linked employee job.

Employees who have not submitted an ITR but who have provided their Tax File Number to their employer are imputed from income statement data.

OMUEs are identified by the presence of any of the own unincorporated business income types and a linked OMUE job.

Tax lodgers who are not employees or owner managers are included on the person file to support statistical analysis that requires a more complete view of the tax lodger population.

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## Jobs file

The jobs file is a complete list of the job relationships held at any time during the reference year. It is constructed primarily from income statement data. Income Statements describe the payments made to an individual by an employer within a financial year. Conceptually, income statement data should include most employee/employer job relationships. OMUE jobs are derived from ITR data and added to the jobs file, some of these link to businesses in the Business Longitudinal Analysis Data Environment (BLADE).

The LEED jobs file does not capture voluntary jobs and unpaid contributing family worker jobs.

### **Synthetic records**

In some cases, a synthetic employee job record has been created based on information in the person file. This has occurred when a person has recorded wage or salary information that cannot be identified in income statement data. Sometimes, an employee job may not be able to be linked to an employing organisation due to reporting errors or missing information.

### **Multiple job holding**

A person can hold several jobs during the year, either concurrently (as a multiple job-holder) or consecutively. For a person who is an employee of several employers, each relationship is listed as a separate job. Due to data limitations, only one self-employment job can be recorded for any OMUE even if a person owns and manages more than one enterprise. In the LEED, an OMUE can hold other jobs as an employee.

Data on multiple job holders can also be found in the [Labour Account Australia \(/statistics/](#)

[labour/labour-accounts/labour-account-australia/latest-release](#)), however there are a number of differences between the two sources. For a full description of these differences, see [Multiple Job Holders \(/statistics/labour/jobs/multiple-job-holders/latest-release\)](#).

## Job treatments

Income Statement start and end dates are used to

- determine the start and end of a job relationship,
- identify concurrent job-holding, and
- determine the duration of the job.

These dates are known to have high measurement error rates, which are likely to inflate job and concurrent job counts. Some of this error may be due to misinterpretation and recording errors, but it is also expected that payroll system and report design have an influence.

Some treatments have been applied to address over counts of jobs or concurrent job-holding, including:

- In cases where a person has received several Income Statements from the same employer, and the time between the end of the first Income Statement and the start of the next Income Statement is 31 days or less, this is counted as a single job.
- In cases where a person has received several Income Statements from different employers, they are only considered to be concurrent if they overlap by more than 31 days.
- In cases where a person has more than 10 jobs, those within the same industry sub-division (2-digit ANZSIC industry) are counted as a single job in the 2011-12 to 2016-17 data. From 2017-18 reference year, a lower level of industry classification - those within the same industry class (4-digit ANZSIC industry), was used to collapse jobs. This change has improved data quality, but has brought in a negligible increase to the number of total jobs reported compared with reported numbers in the old approach.

These treatments are aimed at minimising the impact of administrative errors while also reflecting a reasonably accurate view of differing job structures.

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## Employer file

In the LEED, an employer is identified when a job has been linked to any legal entity in the non-profiled population or any type of activity unit in the profiled population.

The business file contains business units present in BLADE that could be linked to a job, as

well as unincorporated entities. Some unincorporated entities are identified in personal income tax data and are not otherwise included in BLADE or cannot be identified in BLADE. Industry and several other employer variables are not available for these unincorporated entities, except from 2017-18, where industry information in their ITR has been used if available.

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## Privacy and confidentiality

Legislative requirements ensuring the privacy and secrecy of these data have been adhered to. In accordance with the Census and Statistics Act 1905, results have been confidentialised to ensure they are not likely to enable identification of a particular person or organisation. All personal information is handled in accordance with the [Australian Privacy Principles](https://www.oaic.gov.au/privacy/australian-privacy-principles) (<https://www.oaic.gov.au/privacy/australian-privacy-principles>) contained in the Privacy Act 1988.

All personal income tax statistics were analysed in de-identified form with no home address or date of birth included in LEED input files. Addresses were coded to the Australian Statistical Geography Standard and date of birth was converted to an age at 30 June of the reference year prior to data provision.

To minimise the risk of identifying individuals in aggregate statistics, perturbation has been applied. Perturbation involves small random adjustment of the statistics and is considered the most satisfactory technique for avoiding the release of identifiable statistics, while maximising the range of information that can be released. These adjustments have a negligible impact on the underlying pattern of the statistics. Some cells have also been suppressed due to low counts.

## How data are released

Personal Income in Australia is one of two LEED releases, along with [Jobs in Australia \(/statistics/labour/jobs/jobs-australia/latest-release\)](https://www.abs.gov.au/statistics/labour/jobs/jobs-australia/latest-release), and provides aggregate data for Australia, states and territories and nearly 2,500 regions as classified in the [Australian Statistical Geography Standard \(ASGS\) \(https://www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/latest-release\)](https://www.abs.gov.au/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/latest-release), including at the Statistical Area 4 (SA4), Statistical Area 3 (SA3), Statistical Area 2 (SA2), Local Government Area (LGA) and Greater Capital City Statistical Area (GCCSA) levels.

The current release includes data for the five financial years between 2016-17 and 2020-21. Summary statistics for the full time series from 2011-12 are presented in Table 8 in the Data download tab.

Data from LEED are also available in TableBuilder format [Jobs and Income of Employed Persons \(https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6160.0.00.001Main+Features1JIA\)](https://www.abs.gov.au/AUSSTATS/abs@.nsf/Lookup/6160.0.00.001Main+Features1JIA). The TableBuilder product contains a broad range of data items covered in both Jobs in Australia and Personal Income in Australia. It is a rich source of information for data users interested in making customised analysis tables.

## **Differences between Jobs in Australia and Personal Income in Australia**

Jobs in Australia (JIA) and Personal Income in Australia (PIA) present similar data on earners and income from the Linked Employee-Employer Dataset (LEED). However, there are a few small but important differences between JIA and PIA that should be taken into consideration when comparing them.

The number of earners will be different. In PIA, anyone who earns income, whether from employment, superannuation, investment etc. is counted as an earner. This also includes individuals who only receive an employment termination payment without any regular income. In JIA, earners are restricted to those who receive payment from employment, which is either working as an employee (including as an owner manager of incorporated enterprise) or an owner-manager of unincorporated enterprise. JIA does not include people who only receive an employment termination payment.

The median incomes reported in JIA are reported on a 'per job' and 'employed person' basis. However, people may work more than one job, either at the same time or throughout the financial year. For PIA, the income is reported on a 'per person' basis which includes all income types, not only employment income, received in that financial year.

## **Data limitations**

Personal Income in Australia is subject to the following sources of error:

- Conceptual misalignment. The Australian tax system is purpose-built and complex, and in some cases it is difficult to determine how a particular income tax item should be used to describe income standards, and in some cases the item can be a partial conceptual match. While all care is taken, some income items are subject to this type of validity error. Coherence with other sources indicates that this has a low impact on aggregate series.
- Measurement error. This is likely to be present in both person and employer information used. Most measurement error is unable to be determined or corrected; however, coherence with other similar statistics demonstrates that the error amount is small, and this has a low impact on aggregate series.
- Incomplete information. Sometimes, Individual Tax Returns are not lodged, or not all items (e.g. occupation) are completed. The ABS advises caution when interpreting data



subject to high rates of missing information.

## Data Concepts

A summary of the major concepts presented in this release are as follows:

### Personal income

All monetary values are presented as gross pre-tax dollars, wherever possible. This means they reflect income before deductions and losses, and before any taxation or levies (e.g. the Medicare levy or the temporary budget repair levy) are applied. The amounts shown are nominal and have not been adjusted for inflation.

Personal income is provided for the following five categories:

- Employee income
- Own unincorporated business income
- Investment income
- Superannuation income
- Total income

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### Employee income

Employee income is the total (or gross) income received as a return for labour from an employer or from a person's own incorporated business (when they are employed by this business). The data used in deriving employee income comes from both ITRs and Income Statements (where an individual has not lodged an ITR).

Employee income includes the following data items from the Income Statement and /or the ITR:

- Salary or wages
- Allowances, earnings, tips, director's fees
- Employer lump sum payment amount A
- Employer lump sum payment 5 per cent
- Employment termination payments taxable component
- Attributed personal services income
- Employee share schemes total assessable discount
- Total reportable fringe benefit amount
- Reportable employer superannuation contributions

- Exempt foreign employment income
- Other net foreign employment income

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## Own unincorporated business income

Own unincorporated business income (or OMUE income) is the profit or loss that accrues to owners of, or partners in, their own unincorporated businesses. Profit or loss is the value of the gross output of the enterprise after the deduction of operating expenses, including reportable superannuation contributions, depreciation and operating costs, but before income tax is taken out. Losses occur when operating expenses are greater than receipts and are treated as negative income.

Own unincorporated business income includes the following data items on the ITR:

- Net income or loss from business primary production
- Net income or loss from business non primary production
- Distribution from trusts primary production
- Net personal services income
- Distribution from partnerships less foreign income non primary production
- Distribution from partnerships primary production

These data exclude distributions from trusts for non-primary production activities as this may include aspects of investment income. It also excludes the income of working directors/owners of incorporated businesses who are classified as employees; consequently their income is included under Wage and salary income.

"Net personal services income" does not include income a person received as an employee, making it different from "Attributed personal services income".

Own unincorporated business income is conceptually consistent with OMUE income published in [Jobs in Australia. \(/statistics/labour/earnings-and-work-hours/jobs-australia/latest-release\)](https://www.abs.gov.au/statistics/labour/earnings-and-work-hours/jobs-australia/latest-release)

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## Investment income

Investment income includes the following data items on the ITR:

- Gross interest
- Dividends unfranked amount

- Dividends franked amount
  - Dividends franking credit
  - Share of net income from trusts less net capital gains and foreign income non primary production
  - Franked distributions from trusts - non-primary production
  - Australian franking credits from a New Zealand company
  - Net foreign rent
  - Net rent
- 

## Superannuation income

Superannuation income includes the following data items on the ITR:

- Australian annuities and superannuation income streams taxable component taxed element
- Australian annuities and superannuation income streams taxable component untaxed element
- Australian annuities and superannuation income streams lump sum in arrears taxable component taxed element
- Australian annuities and superannuation income streams lump sum in arrears taxable component untaxed element
- Australian superannuation lump sum payments taxed element
- Australian superannuation lump sum payments untaxed element
- Bonuses from life insurance companies and friendly societies
- Assessable First home super saver (FHSS) released amount (from 2018-19)

From 1 July 2007, people aged 60 years and over who receive superannuation income in the form of a lump sum or income stream (such as a pension) from a taxed source, receive that income tax free. Therefore, if a person has no other income, or their total income is below the tax-free threshold, or any tax payable is mitigated by a tax offset (such as Senior Australian Tax Offset), this person is not required to lodge a tax return.

Due to the above reason, the superannuation statistics (persons, income) included in this release are regarded as partial, subject to under-coverage. A more comprehensive snapshot of superannuation income (at aggregate state/territory level) can be obtained from the ABS Survey of Income and Housing - see [Household Income and Wealth, Australia \(/statistics/economy/finance/household-income-and-wealth-australia/latest-release\)](https://www.abs.gov.au/statistics/economy/finance/household-income-and-wealth-australia/latest-release).

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## Other income

Other income comprises income items reported on the individual income tax return that were not allocated to one of the above categories. For example, Other income can include transfer or trust income, controlled foreign company income, net foreign pension and annuity income, and foreign investment and life insurance income.

Other income is not published separately as it does not provide a reliable view of the category. It is included in total income.

Other income includes the following data items on the ITR:

- Foreign source income net foreign pension or annuity (without Undeducted Purchase Price)
- Foreign source income net foreign pension or annuity (with Undeducted Purchase Price)
- Foreign entities controlled foreign company income
- Foreign entities Transfer or trust income
- Foreign source income other net foreign source income
- Other income category 1
- Other income category 2

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## Total income

Total Income is the sum of all reported income derived from Employee income, Own unincorporated business, Superannuation, Investments and Other income, as defined above. Total income does not include the non-lodger population.

Government pensions, benefits or allowances are excluded from the ABS income data and do not appear in Other income or Total income. Pension recipients can fall below the income threshold that necessitates them lodging a tax return, or they may only receive tax free pensions or allowances. Hence they will be missing from the personal income tax data set. Recent estimates from the ABS Survey of Income and Housing (which records Government pensions and allowances) suggest that this component can account for between 9% to 11% of Total income.

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## Counts of individuals

Individuals may receive income from several sources. Also, net income from a specific source may be positive or negative. For example, an individual may have positive income

from Employee income yet negative net income from Investments. The number of individuals for each income source includes all persons with either positive or negative net income from that source.

The total number of individuals in receipt of income from at least one source cannot be calculated as the sum of the individuals in each income category, as people can have more than one source of income in any given year. For example, an individual could derive income from multiple sources such as Employee income, Investment income and income from their own unincorporated business and thus contribute to the regional person count in all three income categories.

## Geography

All geographic variables are based on a person's home address as reported on their ITR form. Addresses are coded to the Australian Statistical Geography Standard (ASGS).

In this release, the names and boundaries of all states and territories, GCCSAs, SA4s, SA3s, and SA2s are based on or concorded to the 2021 edition of [ASGS: Main Structure and Greater Capital City Statistical Areas \(/statistics/standards/australian-statistical-geography-standard-asgs-edition-3/jul2021-jun2026/main-structure-and-greater-capital-city-statistical-areas\)](#); those of all LGAs are based on or concorded to the 2020 edition of [ASGS: Non ABS Structures \(https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.003~June%202020~Main%20Features~Local%20Government%20Areas%20\(LGAs\)~3\)](#).

If a geography variable is missing on the ITR, if possible it is imputed from the individual's most recent Income Statement.

Details of income earners from regions unknown (not stated or indeterminate) or who are lodging returns from overseas are included in the totals shown. Persons living in Other territories are not published separately but included in the national totals. Therefore, the totals in each table may not necessarily be the sum of their components.

## Gini coefficient

Simple measures of income distribution such as mean, median, percentile ratios and income shares can provide an indication of differences in the income distributions of two separate regions. However, none of the simple measures comprise a single statistic that summarises the whole income distribution in a way that directly considers the individual incomes of all regions. In this release, the Gini coefficient is used to compile a single statistic of inequality by summarising the distribution of income across the population in each region.

The Gini coefficient is provided here for Total income. This is a single statistic that usually lies between 0 and 1 and is a summary indicator of the degree of inequality in income between members of the tax form lodging population within a region. A value of 0 indicates that all earners reported the same amount of income in that region. Higher values represent relatively higher levels of income inequality. The income data reported in this release is market income and can be negative. This is mainly due to losses for Owner Managers of Unincorporated Enterprises (OMUEs). Therefore, for areas with large numbers of OMUEs reporting negative incomes, the Gini coefficients can exceed 1.

The Gini coefficients shown in this release can be regarded as indicative but not definitive. They should not be directly compared with other ABS published Gini coefficients. The Gini coefficients presented in this release are calculated from gross personal income and not from equivalised disposable income as presented in [Household Income and Wealth, Australia \(/statistics/economy/finance/household-income-and-wealth-australia/latest-release\)](#). There is also an acknowledged under-coverage of certain income groups in taxation data due to tax exemptions, and people being under the tax-free threshold. For instance, persons aged 60 years and over who are mostly dependent on superannuation income and those mostly reliant on government pensions and allowances may be missing from the tax data.

## **Main source of income**

The income source from which a person derives most of their (positive) income. For a stated income type, this measure reflects the proportion of all persons in a region for whom the income type is their main source of income.

If a region is particularly reliant on one source, it may be susceptible to policy or economic changes that affect that income type.

As there are several types of income, the main source may account for less than 50% of total income. Where persons receive the same amount across multiple income types, they have been excluded from the derivation of this indicator. Persons with negative or nil total income have also been excluded.

## **Non-lodgers**

Non-lodgers are individuals who do not lodge a tax return. However, this population may have income that is in scope of this release. This can include persons who receive an income below certain levels or derive their income from some Commonwealth of Australia Government pension, benefit and allowance payments that are exempt from income tax.

Their absence should be taken into consideration when interpreting these statistics.

Because the LEED contains information about jobs sourced from PAYG payment summaries, we are able to impute income information for non-lodgers who are employees.

Non-lodgers are included in the Employee income category, except where cross-classified with age and sex. Previously, age and sex were unavailable for non-lodgers. While this information is now available for non-lodgers from the LEED, they remain excluded from the following table to ensure consistency with previous results.

- Table 4 Employee income by age and sex 2016-17 to 2020-21.

Non-lodgers are excluded from the Total income category in all instances.

## **Taxation and superannuation policy changes**

Taxation and superannuation policy changes may impact on both scope of personal income covered by the LEED and the actual income amount.

### **Taxation threshold change**

In 2012-13, the tax-free threshold was increased by \$6,000 to \$18,200. This appeared to result in less people needing to lodge a tax return, therefore less people with non-employee income being covered in LEED.

### **First home super saver scheme (FHSS)**

From 2017-18, people can make voluntary contributions into their super funds. The contributed amount and associated earnings can then be released from 2018-19 to eligible applicants to help the purchase of their first homes. This scheme is expected to lead to higher employee income (through the 'reportable employer superannuation contributions' component) since 2017-18, and higher reported superannuation income (through the 'FHSS released amount' component) since 2018-19.

The ABS encourage users of the data to research policy changes that may impact in the comparability of the data year to year. For more information on taxation policy change, the ATO publishes changes in their [Taxation Statistics publications \(https://www.ato.gov.au/about-ato/research-and-statistics\)](https://www.ato.gov.au/about-ato/research-and-statistics).

## **Comparison with the Survey of Income and Housing**

Statistics in this release are produced using administrative data sourced from the Australian Taxation Office. The ABS also produces household income and wealth estimates collected

directly from households via the Survey of Income and Housing (SIH).

The SIH collects information on sources of income, amounts received and the characteristics of persons aged 15 years and over in private dwellings throughout Australia. Since 2003-04, the SIH has been conducted every two years, with the most recent relevant snapshots being the 2015-16, 2017-18 and 2019-20 income years. For further information about the concepts, definitions, methodology and estimation procedures used in the SIH, please refer to [Survey of Income and Housing, User Guide \(/statistics/detailed-methodology-information/concepts-sources-methods/survey-income-and-housing-user-guide-australia/2019-20\)](#).

SIH employee income includes all payments received by individuals as a result of their current or former involvement in paid employment. In addition to the regular and recurring cash receipts captured by SIH, employee income also includes non-cash benefits, bonuses, termination payments and payments for irregular overtime.

The table below presents a selection of reasonably comparable income data items, sourced from ATO and the SIH, for 2015-16, 2017-18 and 2019-20.

#### Selected sources of income, PliA and SIH data, 2015-16, 2017-18 and 2019-20

	PliA 2015-16 \$b	SIH 2015-16 \$b	PliA 2017-18 \$b	SIH 2017-18 \$b	PliA 2019-20 \$b	SIH 2019-20 \$b
<b>Employee income</b>	724.9	729.0	787.3	781.6	865.0	879.6
<b>Own unincorporated business income</b>	50.6	43.8	53.9	53.0	52.3	42.9
<b>Investment income</b>	81.6	56.4	88.9	87.2	92.9	77.2
<b>Superannuation income</b>	11.7	41.2	11.8	46.1	12.0	52.8

Differences in collection methodologies, data collection/extraction periods, definitions, scope/coverage etc., can all contribute to variations between PliA and SIH income data. Also, as mentioned before, SIH presents data for low income households whereas the PliA series may be missing some individuals with low incomes (for example those earning under the \$18,200 tax free threshold) because they may not need to lodge tax returns.

Since changes were applied to the reporting of superannuation income in 2007, the SIH estimate is thought to provide a more accurate, complete indication of the level of income derived from Superannuation. However, the SIH estimates only include superannuation pension streams and not superannuation lump sum payments.



# Glossary

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## Show all

### Age

Age of person as at 30 June of the reference year.

### Annuities

Annuities are guaranteed regular and recurring receipts, generally from an insurance company, the right to which was purchased with a lump sum or regular contributions at some point in the past. Annuities are included in Superannuation income.

### Assets

An entity of a financial or non-financial nature, owned by the household or its members, and from which economic benefits may be derived by holding or use over a period of time.

### Australian citizen

A person may acquire Australian citizenship in a number of ways, for example, by birth, adoption, descent, resumption or granting of Australian citizenship (naturalisation). Migrants no longer require a visa once citizenship is granted.

### Bridging visa

A temporary visa granted to permit a person to stay in Australia lawfully while their immigration status is resolved. Bridging visas often act as a bridge between the lodgement of a visa application and the determination of that application.

### Country of citizenship

The country of which a person holds or held citizenship.

### Disposable income

Gross income less income tax, the Medicare levy and the Medicare levy surcharge i.e. remaining income after taxes are deducted, which is available to support consumption and/or saving. Disposable income is sometimes referred to as net income.

### Dividends

Dividends may be the main source of income for people who run their own incorporated business. They can be:

- 'franked' which are shares of company profit paid or credited by an Australian resident public company from profits on which Australian company tax has been paid, or
- 'unfranked' which are those shares of company profit paid by an Australian resident company from profits on which Australian company tax has not been paid.

## **Earners**

Persons (including children) who receive income (either positive or negative) from an income type.

## **Employee**

Persons who work for an employer and receive pay in the reference period in the form of wages or salaries, a commission while also receiving a retainer, tips, piece rates or payments in kind. In this release, persons who operated their own incorporated enterprises are also included as employees.

## **Employee income**

An employee's total remuneration, whether monetary or in kind, received as a return to labour from an employer or from a person's own incorporated business. It comprises wages and salaries, bonuses, amounts salary sacrificed, non-cash benefits such as the use of motor vehicles and subsidised housing (where valued over a certain threshold), and termination payments.

## **Family migrant**

This group includes persons who have arrived in Australia on a Child, Partner, Parent or Other Family stream visa. These migrants are selected based on their family relationship (spouse, de facto partner, intent to marry, child, parent, other family) with their sponsor who is an Australian citizen, permanent resident, or eligible New Zealand Citizen.

## **Financial assets**

An asset whose value arises not from its physical existence (as would a building, piece of land, or capital equipment) but from a contractual relationship. Financial assets are mostly financial claims (except for shares and value of own unincorporated business). Financial claims entitle the owner to receive a payment, or a series of payments, from an institutional unit to which the owner has provided funds. Examples include accounts held with financial institutions (including offset accounts), ownership of an incorporated business, shares, debentures and bonds, trusts, superannuation funds, and loans to other persons.

## **Gini coefficient**

A summary measure of inequality of income distribution. It is a single statistic that usually

lies between 0 and 1 and is a summary indicator of the degree of inequality in income between members of the tax form lodging population. Values closer to 1 represent greater inequality.

### **Government pensions and allowances**

Income support payments from government to persons under social security and related government programs. Included are pensions and allowances received by aged, disabled, unemployed and sick persons, families and children, veterans or their survivors, and study allowances for students.

### **Greater Capital City Statistical Area (GCCSA)**

GCCSAs are designed to represent the functional extent of each of the eight State and Territory capital cities. They include the people who regularly socialise, shop or work within the city, but live in the small towns and rural areas surrounding the city. GCCSAs are not bound by a minimum population size criterion. GCCSAs are built from SA4s.

### **Gross income**

Income from all sources, whether monetary or in kind, before income tax, the Medicare levy, the Medicare levy surcharge, and the temporary budget repair levy are deducted.

### **Humanitarian migrant**

A person who has been granted a permanent Humanitarian visa. They have either arrived in Australia under the Offshore Humanitarian Program or were granted permanent protection post-arrival in Australia. For more information about the Humanitarian Program, refer to [Resettle in Australia \(homeaffairs.gov.au\)](https://immi.homeaffairs.gov.au/what-we-do/refugee-and-humanitarian-program/about-the-program/resettle-in-australia) (<https://immi.homeaffairs.gov.au/what-we-do/refugee-and-humanitarian-program/about-the-program/resettle-in-australia>).

### **Income share**

Income share is the percentage of total income held by the top 1%, 5% and 10% of all earners in a region. The aggregate income of the units in each percentile is divided by the overall aggregate income of the entire population to derive income shares.

### **Income Statement**

The annual summary provided by an employer to the Australian Taxation Office with respect to an employee. This was previously referred to as the Pay As You Go Payment Summary. It records job level information reported by employers about the payments made to an employee. This is the primary component of the Linked Employer-Employee Dataset (LEED) job file and is used to identify, and as a source of information about, non-lodgers.

## **Income type**

Also described as income source.

This describes the income based on the source from which it is received. The income types are as follows: total income, employee income, investment income, own unincorporated business, superannuation, other.

## **Individual Tax Return**

The annual tax return submitted by individuals to the Australian Taxation Office.

## **Investment income**

Income received as a result of ownership of assets. It comprises returns from financial assets (interest, dividends), and from non-financial assets (rent).

## **Linked Employer-Employee Dataset (LEED)**

A LEED is any dataset that integrates information about employers and their employees. The LEED used to compile this release includes cross-sectional employer, person and job files that integrate personal income tax data with employer information from the Business Longitudinal Analytical Data Environment.

## **Local Government Area (LGA)**

These areas are the spatial units which represent the geographical areas of incorporated local government councils. LGAs include sub categories such as Cities (C), NSW Local Government Areas (A), Boroughs (B), Rural Cities (RC), Towns (T), Shires (S), District Councils (DC), Municipalities (M), SA Municipal Councils (M), SA Regional Councils (RegC) and Qld Regional Councils (R). Data are presented for boundaries based on the 2020 edition of [ASGS: Non ABS Structures \(https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.003~June%202020~Main%20Features~Local%20Government%20Areas%20\(LGAs\)~3\)](https://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/1270.0.55.003~June%202020~Main%20Features~Local%20Government%20Areas%20(LGAs)~3).

## **Main source of income**

The income source from which a person derives most of their (positive) income. For a stated income type, this measure reflects the proportion of all persons in a region for whom the income type is their main source of income.

## **Medicare levy**

The Medicare levy is a specific tax based on individual income.

## **Medicare levy surcharge**

The Medicare levy surcharge is a levy, or an additional tax, on some Australian taxpayers.

### **Negative income**

Income may be negative when a loss accrues to an individual as an owner or partner in unincorporated businesses, rental properties or other investment income. Losses occur when operating expenses and depreciation are greater than gross receipts.

### **Non-lodger**

A persons who did not lodge an Individual Tax Return (ITR) but who received income from at least one source. Non-lodger employees are identified in the Linked Employer-Employee Dataset (LEED) and accounted for in this release.

### **Other and undetermined permanent visa stream**

Includes all other permanent visa categories (not included in the Skilled, Family or Humanitarian streams) or where the type of permanent visa could not be determined.

### **Other income**

Income other than employee income, own unincorporated business income, investment income and superannuation income. This includes other current receipts from sources such as child support, royalties, workers' compensation and scholarships.

### **Other temporary visa**

Includes all other temporary visa subclasses not included in the Special Category (New Zealand citizen) (subclass 444), Student, Temporary Work (Skilled) and Working Holiday Makers categories.

### **Own unincorporated business income**

The profit/loss that accrues to persons as owners of, or partners in, unincorporated businesses. Profit/loss consists of the value of gross output of the business after the deduction of operating expenses (including depreciation). Losses occur when operating expenses are greater than gross receipts and are treated as negative income.

### **Percentile ratios**

Percentile ratios summarise the relative distance between two points in a distribution. They are expressed as the value of the quotient (the left percentile divided by the right percentile). For example a P80/P20 ratio of 2.3 means that persons in the 80th percentile have 2.3 times the income of persons in the 20th percentile.

Ratios near the extremes of the distribution (e.g. P80/P20) illustrate the full spread of the

income distribution, while those near only one extreme (e.g. P80/P50) compare one ends of the income distribution with the midpoint.

## **Percentiles**

Percentiles are a measure of the distribution of a variable. When all persons in the population are ranked from the lowest to the highest on the basis of the variable (such as total income), they can then be divided into 100 equal sized groups. The highest value in each group is reported as Px, where x is the percentile number. For example, the highest value of total income in the twentieth percentile is denoted P20. The median, or the top of the 50th percentile, is denoted P50.

## **Permanent migrant**

In this release, a permanent migrant is a person who:

- holds a permanent skilled, family, humanitarian or other permanent visa
- had an arrival date in Australia between 1 January 2000 and 30 June 2021
- had an unknown arrival date and a permanent visa granted between 1 January 2000 and 30 June 2021.

Arrival date is based on information from the Settlement Database and refers to the date of arrival to Australia by a permanent migrant. For:

- permanent visas granted to people outside Australia (offshore) – the arrival date refers to the first date of arrival after the grant of the permanent visa
- permanent visas granted to people in Australia (onshore) – the arrival date refers to the latest date of arrival prior to the grant of that visa.

## **Permanent visa**

The permission or authority granted by Australia for foreign nationals to live in Australia permanently.

## **Personal income**

Personal income consists of all annual receipts that are received by an individual and refers specifically to income received by persons, not businesses. Personal income is categorised into several income types.

## **Personal Income Tax (PIT)**

An aggregate term for tax paid by individuals. PIT data includes information collected from Individual Tax Returns (ITR) and Income Statements, as well as information on the Australian Taxation Office's Client Register.

## **Positively skewed income distribution**

The distribution of income tends to be asymmetrical, with a small number of people having relatively high incomes and a larger number of people having relatively lower incomes. The greater the asymmetry, the greater the difference there will be between the mean and the median, and the more positively skewed the income distribution is said to be.

## **Primary applicant**

Generally, the person whose skills or proposed activities in Australia are assessed by Home Affairs as part of their visa application. They will usually have been specifically identified on the application form as the 'primary applicant'.

## **Quartiles**

Groupings that result from ranking all people in the population in ascending order according to some characteristic such as their personal income and then dividing the population into four equal groups, each comprising 25% of the estimated population.

## **Secondary applicant**

A person whose visa was granted on the basis of being a family member (e.g., spouse, dependent child) of a person who qualified for a visa. They will have been identified on the visa application as an 'other' or secondary applicant with the person who met the visa criteria being specifically identified on the visa application as the 'primary applicant'.

Secondary applicants are included in the same visa stream as the primary applicant. For example, family members granted permanent visas where the primary applicant has been granted a Skilled stream visa, will all enter Australia under a Skilled stream visa.

## **Sex**

The self-reported sex of a person as recorded by the Australian Taxation Office. Binary coding to female and not female is undertaken for privacy and confidentiality purposes.

## **Shares**

A share is a contract between the issuing company and the owner of the share which gives the latter an interest in the management of the corporation and the right to participate in profits. The "value of shares" excludes the value of shares held by individuals in their own incorporated business. Such shares are included in "value of own incorporated business".

## **Skilled migrant**

A person who has arrived in Australia on a Skilled stream visa. The Skilled stream consists of categories for prospective migrants where there is demand in Australia for their specific

skills. They could be nominated by an employer or State/Territory Government, apply under points based Skilled Migration, have outstanding talents, or demonstrated business skills. For more information about this program, see [Skilled migration program \(homeaffairs.gov.au\) \(https://immi.homeaffairs.gov.au/what-we-do/skilled-migration-program\)](https://immi.homeaffairs.gov.au/what-we-do/skilled-migration-program).

### **Special Category (subclass 444) visa holders**

Special Category permits New Zealand citizens to visit, study, stay and work in Australia. Special Category visas are granted on arrival in Australia and cease when the visa holder departs Australia.

### **Statistical Area Level 2 (SA2)**

The smallest geographical region used in this release. SA2s regions aim to represent a community that interacts together socially and economically. They are generally designed to be within the population range 3,000 to 25,000 persons, and on average have a population of approximately 10,000 persons.

### **Statistical Area Level 3 (SA3)**

Geographical areas built from whole SA2s, which are designed for statistical output purposes and to provide a regional breakdown of Australia. SA3s regions create a standard framework for the analysis of ABS data at the regional level that have similar regional characteristics, administrative boundaries or labour markets. SA3s generally have populations between 30,000 and 130,000 persons.

### **Statistical Area Level 4 (SA4)**

Geographical areas built from whole SA3s, SA4 regions are specifically designed to reflect labour markets within each state and territory within population limits. In regional areas, SA4s tend to have lower populations (100,000 to 300,000), while in metropolitan areas, SA4s tend to have larger populations (300,000 to 500,000).

### **Superannuation (and annuities) income**

Superannuation is a long-term savings arrangement which operates primarily to provide income for retirement.

Superannuation income includes income from annuities and private pensions such as allocated pensions.

### **Temporary budget repair levy**

In 2014-15, the government introduced a temporary budget repair levy. Individual taxpayers



with a taxable income of more than \$180,000 per year have additional tax payable.

### **Temporary skilled visa**

The permission or authority granted by Australia for foreign nationals to live and work in Australia temporarily on a Temporary Skill Shortage visa (subclass 482) or Temporary Work (Skilled) visa (subclass 457).

Note that the Temporary Work (Skilled) visa (subclass 457) was abolished in March 2018 and replaced with the new Temporary Skill Shortage (subclass 482) visa.

### **Temporary student visa**

The permission or authority granted by Australia for foreign nationals to live in Australia temporarily to undertake study. This comprises a number of visa subclasses, including Student (subclass 500), Independent ELICOS sector (subclass 570), School Sector visa (subclass 571), Vocational Education and Training Sector visa (Subclass 572), Higher Education Sector visa (subclass 573) and Postgraduate Research Sector visa (subclass 574). Students can apply to have partners and dependent children under the age of eighteen accompany them to Australia. These family members are known as secondary visa holders and are counted in student visa numbers.

Note that student visas do not include the Training and Research visa (subclass 402), Training visa (subclass 407), Student Guardian visa (subclass 580, 590) or Temporary Graduate (subclass 485) visa.

### **Temporary visa**

The permission or authority granted by Australia for foreign nationals to live in Australia temporarily. It allows the holder to either stay for a specified period, stay until a specified event happens, or stay while the holder has a specified status.

### **Trusts**

Any type of managed fund which involves the pooling of investors' money in order for a trustee or professional manager to administer that fund. Examples include; listed and unlisted public unit trusts, cash management trusts, property trusts and family trusts used only for investment purposes.

### **Unincorporated business**

A business in which the owner(s) and the business are the same legal entity, so that, for example, the owner(s) are personally liable for any business debts that are incurred. The business may be registered (in their own state) as a sole trader, partnership or firm; however they are not registered with the Australian Securities and Investments Commission

and are not legally a company.

### **Visa stream (permanent)**

The permanent visa subclasses held by individuals are categorised into the following visa streams.

- Skilled stream
- Family stream
- Humanitarian stream
- Other and undetermined permanent visa stream

### **Visa stream (temporary)**

The temporary visa subclasses held by individuals are categorised into the following visa streams.

- Skilled
- Student
- Special Category
- Working Holiday Makers
- Other Temporary

### **Working Holiday Makers visa**

Permits foreign nationals (aged 18 to 30 years inclusive) to undertake short term work while holidaying in Australia. Includes visa subclasses 417 and 462.

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## **Abbreviations**

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ABR	Australian Business Register
ASGS	Australian Statistical Geography Standard
ATO	Australian Taxation Office
BLADE	Business Longitudinal Analysis Data Environment
GCCSA	Greater Capital City Statistical Area
ITR	Individual Tax Return
LGA	Local Government Area
PIT	Personal Income Tax
SA2	Statistical Area Level 2
SA3	Statistical Area Level 3
SA4	Statistical Area Level 4
SIH	Survey of Income and Housing